

G.R.S. IX-5]

Previous references.

G. 7 34-1322-440

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File No. 5-22

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Later references.

G. 7 17-23-314.

G. 7. 27. 59, 64, 68, 78

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2.11.23

GENERAL AND REVENUE SECRETARIAT.

P29-E

Serial Nos. 2

Part B for March 1923

SUBJECT

Payment of interest on the Pro Notes of the Govt of Mysore, at Treasuries in British India

no) 6000 806 d 3-3-1923 to the Secretary
to the Honble the Resident.

We get that, for the reasons stated, that the
question of remuneration ^{for} the work which
has hitherto been done, free, may not be pressed.

Pr
3/7/23

Pol 719

R. O. 2.-R. P. B.-5-1922.-5,000

No. 9642 ENC.
200-1914.

FROM

F. Williamson, Esq., I.C.S.,

SECRETARY TO THE RESIDENT IN MYSORE.

29364

DIARY NO.

2128
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To

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore.

Dated Bangalore,

8th December 1922.

Subject:-

Revision of the existing arrangements for the payment of interest on the Promissory notes of the Government of Mysore at Treasuries in British India.

SIR,

I am directed to invite a reference to the correspondence ending with your letter No.1008-Pol., dated the 17th April 1915, regarding the payment in treasuries in British India of interest on Mysore Government securities.

2. Resulting from this correspondence a mutual arrangement was made between the Mysore Government and the Government of India, whereby interest on the Promissory notes of the Mysore Government held by residents in British India is now paid through the treasuries in British India, and interest on the Government of India Promissory notes held by the residents in the State is similarly paid through the State treasuries free of any charge. In your letter No. 29-Pol., dated the 9th July 1914, it was stated that the volume of work entailed thereby on British Indian Treasuries would be small, as the aggregate amount of permanent debt of the State was then only 20 lakhs, and the papers were held mostly within the State. But circumstances have now changed and at the present time the notes of the State enfaced for payment of interest in British India far exceed in value the notes of the Government of India enfaced for payment of

interest

H. C. S.
DEC. 1922
Copy to Secy

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9th Dec
Please send to
Comptroller for opinion
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(3/12/22)

To Comptroller with Comptroller
for forwarding opinion
B.D.
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interest in State treasuries. The work thus entailed on British Treasuries is far in excess of that originally contemplated and it may become still heavier if the State continues to raise loans at the rates of interest which it has been paying on the loans raised in the last few years. A further serious practical difficulty is being experienced in arranging for the payment of interest on Mysore Government loans in British India, because more than one half of the total holdings of the State loans in British India relate to places where the Government treasury work is done by the Imperial Bank of India, who refuse to undertake the interest payments without special payment. Under the existing arrangements such payments cannot be charged to the Mysore Government, while the Government of India consider that there is no justification for their bearing the charge. On the other hand, no other office at these places is accustomed to deal with payments of this kind, and even if this were not the case, the office which undertakes the work would require a substantial temporary establishment for the purpose, especially in Bombay & Calcutta.

3. The solution which appears to the Government of India to be most suitable is that the Mysore Government should pay the Government of India at a rate mutually agreed for interest payments which they make on the Mysore Government's behalf, while the Government of India will pay the Mysore Government at the same rate for payments which it makes on behalf of the Government of India, excluding interest on Government notes held by the Mysore Government on their own account and on behalf of Trust Funds. The Government of India are, however, willing to waive altogether the payment by the Mysore State in respect of notes the interest on which is not paid by the Imperial Bank, in return for their waiving a charge on Government notes the interest on which it pays. The only work charged for would therefore be that done by the Imperial Bank, in regard to the payment of interest on Mysore Government notes and all connected work at places where the Government treasury business is conducted by it. It has been ascertained that the Bank is willing to undertake the work at a charge of Rs.3,000/- per crore plus the actual cost of stationery (including

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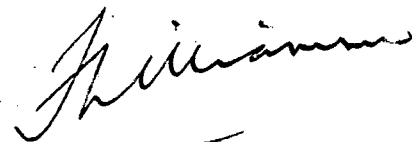
(including registers) and postal charges. The payment will be calculated with reference to the value of the notes and stock certificates standing enfaced on a fixed date, say the last date in each calendar year. The proposed arrangement will be for a period of two years in the first instance, and will be subject thereafter to revision on six months notice from the Bank. The terms offered by the Bank are considered to be suitable.

4. I am to ask whether His Highness' Government are prepared to agree to the proposed arrangements.

I have the honour to be,

Sir,

Your most obedient servant,



SECRETARY TO THE RESIDENT.

SVR

BJ

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please send to comptroller for opinion

msk

13.12.22

To Comptroller with compliments for favour of opinion

B. O.

m. A. Rangachan

For Financial Secretary

p. m. o.

210. No.3105/S1 dated 20th January 1923. *from the Comptroller to Govt. of the financial security*

In December last the managing Governors of the Imperial Bank of India had addressed me a letter offering certain terms on which they would undertake payment of interest, enfacement etc., of the Promissory Notes of the Mysore Government enfaced to Bombay, Calcutta and Madras and all work connected therewith. The terms were 1/8 per cent of the face value of Promissory Notes standing enfaced for payment of interest at those places subject to a minimum of Rs3,000/- per annum. I replied to them that the Government of Mysore had no intention of entrusting the work of payment of interest, enfacement etc., of their loans to the Imperial Bank of India. The present communication is evidently due to a representation made to the Government of India by the Managing Governors of the Imperial Bank of India.

2. Payment of interest from Imperial Government Treasuries was arranged for on the understanding that the work will be done free of cost. But now the Government of India desires that a remuneration of Rs3,000/- per crore per annum should be paid for the work under the circumstances explained by the Secretary to the Hon'ble the Resident in his letter of the 8th December last. We have now no alternative but to agree to the payment of some remuneration as it is now too late to make any other arrangement for the payment of interest outside the Mysore State.

3. In para 7 (1) (7) of Mr. Natesier's note submitted to Government with my letter No.R.30 dated the 4th July 1921 (Vide G.O.No.F1.1527-G.F.39-21-2 dated 6th September 1921) the rate of remuneration paid by the Government of India is given in detail. But we are prohibited from quoting anything from the terms of the agreement between the Government of -

K
Natesier

India and the Imperial Bank as, that document is strictly treated as confidential.

4. The amount now asked for is more than that paid by the Government of India by Rs1,000/- In view of the fact that the work to be done in respect of our securities is not even 1/3rd of that done in respect of the Government of India Securities and that too without the attachment of any liability to the Bank, ~~we~~^{the} may move the Hon'ble the Resident to reduce the remuneration payable to one-half of the amount that is now being paid by the Government of India in respect of their Securities subject to a minimum of Rs1,000/- This remuneration is payable only in the case of those Securities which stand enfaced for payment in those places where the Government Treasury Work is being done or is entrusted to the Imperial Bank of India.

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MSR/20-1

To

The Financial Secretary to the
Government of Mysore, Bangalore.

J. Satyanarayana
Comptroller.

20/1/23

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The Government of India have raised the ques-
tion of remuneration for payment of interest on
our bonds held in British India. Under an arrange-
ment made in 1914 this work has hitherto been free
of cost, but, ~~that arrangement did not contemplate~~
~~large holdings in British India~~ the work contemplated
then was very little. It was stated in our letter
dated the 9th July 1914 that our total Public Debt
was Rs.20 lakhs and the bulk of the holding was
within the State. ~~The amount of~~ Our securities in
circulation in British India now amounts to about
Rs.2 crores and the Government of India have naturally
raised the question of remuneration for this work.

There is reciprocity of arrangement between us
and the Government of India in regard to the payment
of interest on ^{the} securities of the two Governments,
and though the Government of India allude to the pay-
ment by one party to the other for this work, they
do not press this question. The point raised by
them is in regard to the work performed by the Im-
perial Bank of India in respect of our securities.
Strictly no payment is due for this work as, from
our point of view, the Imperial Bank of India simply
takes the place of the Government of India treasuries
and the reciprocity understanding applies whether
the work is done directly by Government Of India

General and Revenue
Secretariat.

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treasuries or by the Imperial Bank of India working as the treasury of that Government. From what the Government of India state, it would appear that the Imperial Bank of India is not willing to do this work without remuneration. If it is not possible for the Government of India to insist upon the Imperial Bank doing this work free of cost, whatever reasonable fee ^{is payable} ~~has to be paid~~, has to be paid by us.

Apart from the strict question of payment for services rendered, it is desirable to facilitate as far as possible the handling of our securities by the Imperial Bank of India. Sooner or later, we must get our securities recognised by the Imperial Bank and when that recognition is obtained, we have to entrust our Public Debt Work, in so far as it has to be done in British India, to that Bank and pay for such work. If we agree to the arrangement now proposed, we may expect the Bank to do the work of our securities more freely and the readiness with which this work is attended to by the Bank is bound to have its influence ^{in British India} on the market for our securities there. In view of this consideration I think it is desirable to agree to pay ~~however~~ ^{some} fee for the work.

As for the fee to be paid, the scale proposed by the Government of India appears, for reasons mentioned by the Comptroller, to be pitched ^{down} ~~high~~ and we may

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No.

may therefore urge for its reduction. The Comptroller states that the payment made by the Government of India for their Public Debt work, which includes other items than mere payment of interest, is at the rate of Rs^x2000 per crore. We may therefore ask for our work being done for half such fee. The total face value of the holding ^{of} our securities in British India is about Rs2 crores and at the rate proposed by the Government of India, we may have to pay about Rs6,500 including stationery, registers and postage charges. If, however, it is possible to have the scale of fee reduced, the charge would be less. A draft is accordingly put up.

DEWAN'S OFFICE.

FEB 23 1923

No. 4985

with file

Dr. San

mild

22-2-23

22nd March is set up
to any fee. Draft enclosed

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26/1

Done

mild

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To Secretary to the Hon'ble the President 22-2-23

Ref: 806-2-3-3-28.

Request under the circumstances explained
the question of remuneration for work relating
to the ^{myo} Securities - need not be pressed.

Draft.

To

A. N. L. Carter

F. Williamson, Esq., I.C.S.,

Secretary to the Hon'ble the Resident in Mysore,

Bangalore.

Sir,

I am directed to acknowledge the receipt of your letter No. 9642/200-1914 dated the 18th December 1922 in regard to the payment of remuneration to the Imperial Bank of India for work relating to the Securities of the Government of Mysore. This work would have been attended to by the Treasuries of the Govt. of India if it had not been transferred to the Bank and it is reasonable to view it as treasury work even when performed by the Bank. In this view and in view of the prevailing arrangement of reciprocity, no question of special remuneration would strictly arise. As for the volume of work relating to the Securities of the Government of Mysore ^{compared with} ~~in relation to~~ the corresponding work of the Government of India, it would not be right to limit this consideration to the relative services of the two Governments in regard to ~~the~~ securities alone. The cash transactions of the Government of India, including those concerning Post and Telegraph offices ^{in Mysore} conducted by the Mysore Treasuries

have also to be taken into account. If, however, ^a special remuneration for this work performed by the Imperial Bank is considered necessary, the Government of Mysore are agreeable to the general arrangement proposed. They would however, urge some considerations concerning the scale of fee to be charged. The work relating to the securities of the Government of Mysore entrusted to the Imperial Bank is practically limited to the payment of interest and it does not involve other duties as in the case of the Public Debt ^{work} of the Government of India. The Government of Mysore are not aware of the particular scale of fee charged for the Public Debt work of the Government of India and

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the Treasury
have thinking
in action
with the Govt.
Bank &
this report
Consideration
that the
of Treasury
for the
have the
has been
been done free of any
remuneration may be paid to*

incorporated in the Bill

and in view of the limited nature of the work to be performed in respect of their securities, they would suggest that the Imperial Bank of India may be requested to accept a reasonable proportion of the scale of fee paid by the Government of India for their corresponding work.

I have the honour to be,

S i r,

Your most obedient servant,

Mull 22-2-23

Financial Secretary to

Govt.

[Faint handwritten notes and signatures at the bottom of the page]

Jain Jagr

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GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. *pal 80*

30.3.1923

875-22-36

Re, Dated 30th mar. 1923

From

Raj, anyaprasakta

M. N. KRISHNA RAO, Esq., B.A.,

Financial Secretary to the Government of His Highness the Maharaja of Mysore.

To

A.N.L. Cater Esquire, I.C.S.

Secretary to the Hon'ble the Resident in Mysore,
Bangalore.

Sir,

I am directed to acknowledge the receipt of your letter No.9642/200-1914 dated the 18th December 1922 in regard to the payment of remuneration to the Imperial Bank of India for work relating to the Securities of the Government of Mysore. This work would have been attended to by the Treasuries of the Government of India if it had not been transferred to the Bank and it is reasonable to view it as treasury work even when performed by the Bank. In this view and in view of the prevailing arrangement of reciprocity, no question of special remuneration would strictly arise. *As for* the volume of work relating to Securities of the Government of Mysore compared with the corresponding work of the Government of India, it would not be right to limit this consideration to the relative services of the two Governments in regard to securities alone. The cash transactions of the Government of India, including those concerning Post and Telegraph Offices in Mysore conducted by the Mysore Treasuries have also to be taken into account. Besides the Government of H.H. the Maharaja have Banking transactions with the Imperial Bank and it is urged for consideration that the question of remuneration for the work which has hitherto been done free of any remuneration may not be pressed, ~~and in view of the limited nature~~

I have the honor to be
Sir
Your most obedient Servant
807 m n krishna Rao
Secy. Genl. Secy. to Govt.

of work to be performed in respect of their securities, they would suggest that the Imperial Bank of India may be requested to accept a reasonable proportion of the scale of fee paid by the Government of India for their corresponding work.

I have the honor to be

sir,

your most obedient servant,

Financial Secretary to Government.